
National Association of
Securities Dealers
9509 Key West Avenue
Rockville, MD 20850
(800) 289-9999

October 21, 2004

Sara Davis
One Beacon St.
Boston, MA 02108

NASD BROKERCHECK
RESPONSE TO REQUEST FOR INFORMATION

The Board of Governors of the National Association of Securities Dealers, Inc. (NASD) has adopted a public disclosure policy which permits certain types of disciplinary information on NASD member firms and their associated persons to be available to the general public. Section 15A(i) of the Securities Exchange Act of 1934, as amended, requires registered securities associations to respond to inquiries regarding disciplinary actions involving its members and their associated persons. NASD believes that the general public should have access to information which will help them in their determination whether to conduct or continue to conduct business with an NASD member or any of the member's associated persons.

In that regard, enclosed please find the information that you have requested.

A list of the terms and conditions of NASD BrokerCheck is
as follows:

NASD BrokerCheck
Terms and Conditions

1. NASD collects, compiles, organizes, indexes, digitally converts and maintains regulatory information from registered persons, member firms, government agencies and other sources and maintains information in the proprietary Central Registration Depository ("CRD(r)") database and system. NASD releases such information through NASD BrokerCheck, which provides information from CRD system to the investing public. Your access to NASD BrokerCheck information provided through NASD's CRD database and system does not transfer any rights in CRD, NASD BrokerCheck or related technologies to you.
2. Your use of NASD BrokerCheck information is conditioned upon your acceptance,



without modification, of all terms and conditions of this Agreement. Any information accessed, requested or provided through NASD BrokerCheck must be accessed, requested and used in accordance with the terms and conditions specified in this Agreement. NASD reserves any rights not expressly granted under these terms and conditions. Additionally, NASD reserves the right, at its sole discretion, to modify the terms and conditions for use of NASD BrokerCheck information at any time by changing this Agreement, and any changes are effective immediately. Such changes will be posted on the NASD BrokerCheck web site.

3. CRD and NASD BrokerCheck are proprietary databases and employ proprietary software, but NASD makes no exclusive proprietary claim to the information in the NASD BrokerCheck system that is not created by NASD. You are neither restricted nor prohibited by NASD from obtaining a copy of any original filing or information from a non-NASD source.
4. The information provided through NASD BrokerCheck shall be used ONLY for your own personal or professional use, and in accordance with all other terms and conditions of this Agreement:
 - a. to assist you, your clients or your organization in determining whether to conduct or continue to conduct securities or commodities business with NASD member firms or their associated persons;
 - b. to assist you, your clients or your organization in judicial proceedings or arbitration proceedings relating to securities or commodities transactions; or
 - c. for non-commercial purposes consistent with the promotion of just and equitable principles of trade and the protection of investors and the public interest.
5. The information provided to you through NASD BrokerCheck is provided to you ONLY for your own personal or professional use. All other uses are prohibited. You agree that you will not duplicate, download, publish, publicly display, modify or otherwise distribute the information retrieved from NASD BrokerCheck for any purpose other than as expressly permitted by this Agreement. In no event may you offer to others any information retrieved from NASD BrokerCheck for commercial purposes, or as part of a subscription service or similar arrangement. You agree that you will not use the information retrieved from NASD BrokerCheck to develop or create a database of information to be sold, licensed or made otherwise commercially available. You agree that you will not use any process to monitor or copy NASD BrokerCheck information in bulk, or to make voluminous, excessive or repetitive requests for information. You further agree that you will not use any device, software or routine to bypass any software or hardware that prohibits volume requests for information, you will not interfere with or attempt to interfere with the proper working of NASD BrokerCheck, and you will not take any action that imposes an unreasonable or disproportionately large load on NASD BrokerCheck or NASD.
6. All requests for permission to access or use NASD BrokerCheck for uses other than those described in Paragraphs 4 or 5 of this Agreement must be made in writing to NASD clearly stating the purpose and manner in which NASD BrokerCheck is proposed to be used. Requests may be submitted to NASD, NASD BrokerCheck, 9509 Key West Avenue, Rockville, Maryland, 20850. NASD, in its sole discretion, may approve or reject any request that is inconsistent with the terms and conditions of use of NASD BrokerCheck.
7. Provision of information by NASD pursuant to NASD BrokerCheck does not constitute a waiver of any of NASD's rights, privileges, or immunities with respect to the furnishing of disciplinary or registration information.
8. NASD does not charge for this service, which is offered pursuant to NASD's responsibilities as a self-regulatory organization, and, in particular, pursuant to Section 15A(i) of the Securities Exchange Act of 1934. In the

provision of this service, NASD makes no warranties of any kind, and disclaims liability to any person for any actions taken or omitted in good faith with respect to this NASD BrokerCheck. NASD is not responsible for and cannot verify information from sources other than NASD, and does not warrant or guarantee the accuracy or completeness of the information requested. Neither NASD nor any affiliate or supplier shall be liable for any cause of action in contract, tort, or otherwise, for more than the incremental telecommunications cost incurred to connect to the service. Notwithstanding the above, neither NASD nor any affiliate or supplier shall be liable for any loss of income, trading loss, or consequential, incidental, or indirect damages, regardless of whether NASD has been informed of the possibility of such damages.

9. Member firms, registered persons, government agencies, and other sources file disclosure information with NASD. Consistent with its responsibilities as a self-regulatory organization, NASD performs a regulatory review of the disclosure information filed before it makes the information available through NASD BrokerCheck. Most disclosure information is available through NASD BrokerCheck within two business days of being filed. In certain limited circumstances, disclosure information may not be available through NASD BrokerCheck within the usual timeframe, but will be made available as soon as practicable.
10. Consistent with policies and procedures approved by the Securities and Exchange Commission (SEC), NASD will disclose information on individuals and brokerage firms, through NASD BrokerCheck, for two years after the termination of the individual's or brokerage firm's NASD registration. Disclosure information reported to NASD after an individual or brokerage firm has terminated may not have been reviewed by the brokerage firm or individual; in addition, brokerage firms and individuals who are no longer registered are not required to independently report such information.
11. NASD BrokerCheck includes only information provided to CRD. In substantially all cases, the information provided through NASD BrokerCheck represents the verbatim record as it was reported to NASD. However, in certain limited circumstances, NASD combined information about a single event that was reported by different sources (e.g., a record reporting information on an event that was submitted by a brokerage firm may contain information reported on the same event that was submitted by a regulator). This condition occurred when the data in the Legacy CRD system was converted (i.e., reformatted and transferred) to Web CRD, the Internet-based Central Registration Depository. This condition affects a small percentage of records reported to NASD prior to August 1999. These converted records contain information that was reported to NASD in accordance with appropriate reporting protocols applicable to the source filers (e.g., brokerage firms and regulators); however, because of the combination of information from different reporting sources, a record disclosed through NASD BrokerCheck may not reflect the actual filing submitted to NASD.
12. The "Individual Broker comments," "Brokerage Firm comments" and "Regulator comments" appear verbatim as they were provided to CRD via Forms U-4, U-5, and U-6. These comments were not written by NASD and have not been edited by NASD in any way. NASD reserves the right to redact customer names, confidential customer information, or offensive or potentially defamatory language from an NASD BrokerCheck Report consistent with policies and procedures approved by the SEC.

General Information About this Report

This report has been generated because you have requested information about an NASD Member Firm through NASD BrokerCheck. The information contained within this report has been provided by NASD brokerage firm and securities regulators as part of the securities industry's registration and licensing process.

An NASD BrokerCheck report for a Brokerage Firm consists of: 1) a Report Summary; 2) General Administrative Information, which includes the Types of Business the Brokerage Firm is engaged in, the Brokerage Firm's Legal Status, and the Brokerage Firm's Approved Registrations. The report also includes the Brokerage Firm's Disclosure Event information, if any.

NASD BrokerCheck discloses the following information on brokerage firms:

- * the brokerage firm's name, CRD number, SEC identification number, "applicant name" or legal name, NASD district office which oversees the brokerage firm, and the brokerage firm's main and mailing addresses
- * the types of business in which the brokerage firm is currently engaged
- * details of the brokerage firm's legal status (i.e, corporation, partnership, etc.), state or country and date of formation, and its fiscal year end
- * all approved registrations
- * disclosure matters involving certain criminal charges and convictions, regulatory actions, civil judicial actions, and certain financial actions (e.g., bankruptcies, unsatisfied judgment/liens.)

When evaluating this report, please keep in mind that a number of items may involve pending actions or allegations that may be contested and have not been resolved or proven. The items may, in the end, be withdrawn or dismissed, or resolved in favor of the brokerage firm, or concluded through a negotiated settlement with no admission or conclusion of wrongdoing.

Also remember that the information in this report is not the only resource you should consult. It is recommended that you learn as much as possible about the brokerage firm from other sources. Ask for references. Ask family members or friends who already have established investment business relationships. Get in touch with local consumer and investors groups.

Should you have any questions concerning information contained within this report, call (800) 289-9999 - a toll-free NASD BrokerCheck hot-line operated by NASD - or visit NASD Web Site at www.nasd.com. When calling or visiting the NASD Web Site, the information you will need includes the brokerage firm's name or CRD number.

For definition of terms contained within this report or answers to Frequently Asked Questions, visit the Glossary or FAQs sections of NASD BrokerCheck at www.nasd.com.

NASD BrokerCheck Report Printing Instructions

The report contained below can be printed as is. However, unless the following steps are taken, the report may not print with the headers aligned or the text may run off the page. For the following report to be printed correctly, the

following formatting steps must be completed:

- 1) Copy the text of the report into a text editor.
 - 2) Delete these instructions down to and including the first dashed line.
 - 3) Set the Font for the entire report to Courier, 8 point.
 - 4) Set the left and right margins to 0.
 - 5) Set the top and bottom margins to 0. Because every printer allows a different number of lines per page, the margins may have to be adjusted differently to get the headers to line up at the top of each page. The document is formatted to print 90 lines per page at the specified font.
 - 6) Print the report.
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NASD BrokerCheck October 21, 2004 Page 1
This information is current as of: 10/21/2004

NASD Member Firm: SALOMON GREY FINANCIAL CORPORATION
CRD Number: 43413

REPORT SUMMARY

Administrative Information:

Admin Information: Information that is required to be reported to NASD by brokerage firms via Form BD (Uniform Application for Broker-Dealer Registration). The administrative information contained in this report includes: (a) types of business the brokerage firm is engaged in; (b) legal status (e.g., corporation, partnership, sole proprietorship, limited liability company, etc.), state/country of formation unless legal status is sole proprietorship, date of formation, and month in which the brokerage firm's fiscal year ends; and (c) all approved registrations with the SEC, NASD and state securities commissions.

Types of Business: 13
Legal Status: 1
Registrations: 50

Disclosure Events: Yes

Disclosure Event: Information that is required to be reported to NASD by individual brokers via Form U-4 (Uniform Application for

Securities Industry Registration or Transfer) and brokerage firms via Form BD (Uniform Application for Broker-Dealer Registration). Some disclosure events may have multiple reporting sources. For example, some information required to be reported by an individual broker via Form U-4 may also be reported on the individual broker's record by a brokerage firm via Form U-5 (Uniform Termination Notice for Securities Industry Registration) and/or by a regulator via Form U-6 (Uniform Disciplinary Action Reporting Form). If a disclosure event is reported by multiple sources, all versions of the reported event will be disclosed on the individual broker's NASD BrokerCheck report. Similarly, some information required to be reported by a brokerage firm via Form BD may also be reported on the brokerage firm's record via Form U-6. If a disclosure event is reported by multiple sources, all versions of the reported event will be disclosed on the brokerage firm's NASD BrokerCheck report.

Criminal Actions:	0
Regulatory Actions:	1
Civil Judicial Actions:	1
Arbitrations:	5
Bonds:	0
Bankruptcies:	0
Judgment/Liens:	0

NASD Member Firm: SALOMON GREY FINANCIAL CORPORATION
CRD Number: 43413

ADDRESS/GENERAL INFORMATION

This section provides the brokerage firm's name, CRD number, SEC number, Applicant Name on Form BD, NASD District where the brokerage firm is located, and the brokerage firm's main and mailing addresses.

Applicant Name on Form BD: SALOMON GREY FINANCIAL CORPORATION
SEC Number: 8-050268

Prior Business Names: RRK SECURITIES
RRK SECURITIES, INC.

Business Phone Number: 972 980-3710

Main Office Address Located in NASD District: 6-Dallas
5430 LBJ FREEWAY-STE. 1626
DALLAS, TX 75240

Mailing Address
5430 LBJ FREEWAY-STE 1626
DALLAS, TX 75240

TYPES OF BUSINESS

This section lists the type(s) of business that the brokerage firm is currently engaged in as reported on the Form BD.

Broker or dealer selling corporate debt securities
Broker or dealer retailing corporate equity securities over-the-counter
Government securities broker
Broker or dealer making inter-dealer markets in corporate securities over-the-counter
Mutual fund retailer
Municipal securities broker
Non-exchange member arranging for transactions in listed securities by exchange member
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Private placements of securities
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Underwriter or selling group participant (corporate securities other than mutual funds)
Broker or dealer selling variable life insurance or annuities

LEGAL STATUS

This section details the brokerage firm's legal status (i.e, corporation, limited partnership, etc.), state or country where formed, date of formation,

and the month the brokerage firm's fiscal year ends.

Legal Status: CORPORATION
State/Country of Formation: TX
Date of Formation: 09/22/1997
Fiscal Year End: SEP

REGISTRATIONS

This section provides the jurisdictions in which the brokerage firm is registered or licensed to do business, the category of each registration, and the date on which the registration was granted.

Jurisdiction/SRO	Category	Status	As Of Date
AK	Broker Dealer	Approved	02/12/1999
AL	Broker Dealer	Conditional	04/30/1999
	Restricted		
AR	Broker Dealer	Approved	02/18/1999
AZ	Broker Dealer	Approved	01/01/1999
CA	Broker Dealer	Approved	12/11/1998
CO	Broker Dealer	Approved	02/03/1999
CT	Broker Dealer	Approved	02/22/1999
DC	Broker Dealer	Approved	01/07/1999
DE	Broker Dealer	Approved	09/21/1999
FL	Broker Dealer	Approved	02/08/1999
GA	Broker Dealer	Approved	01/07/1999

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NASD Member Firm: SALOMON GREY FINANCIAL CORPORATION
CRD Number: 43413

REGISTRATIONS(cont.)

Jurisdiction/SRO	Category	Status	As Of Date
HI	Broker Dealer	Approved	09/08/1999
IA	Broker Dealer	Approved	01/19/2000
ID	Broker Dealer	Approved	12/09/1998
IL	Broker Dealer	Approved	01/15/1999
IN	Broker Dealer	Approved	01/04/1999
KS	Broker Dealer	Approved	11/29/1999
KY	Broker Dealer	Approved	12/08/1998
LA	Broker Dealer	Approved	01/29/1999
MA	Broker Dealer	Approved	02/22/1999
MD	Broker Dealer	Approved	12/14/1998
MI	Broker Dealer	Approved	02/04/1999
MN	Broker Dealer	Approved	01/04/1999
MS	Broker Dealer	Approved	01/04/1999
MT	Broker Dealer	Approved	09/30/1999
NASD	Broker Dealer	Approved	01/26/1998
NC	Broker Dealer	Approved	03/18/1999
ND	Broker Dealer	Approved	01/12/2000
NE	Broker Dealer	Approved	01/04/2000
NJ	Broker Dealer	Approved	02/19/1999
NM	Broker Dealer	Approved	02/01/1999
NV	Broker Dealer	Approved	12/02/1998

NY	Broker Dealer	Approved	01/13/1999
OH	Broker Dealer	Approved	01/04/1999
OK	Broker Dealer	Approved	01/01/1999
OR	Broker Dealer	Approved	01/21/1999
PA	Broker Dealer	Approved	01/07/1999
RI	Broker Dealer	Approved	01/21/1999
SC	Broker Dealer	Approved	01/13/1999
SD	Broker Dealer	Approved	11/24/1998
SEC	Broker Dealer	Approved	01/26/1998
TN	Broker Dealer	Approved	02/18/1999
TX	Broker Dealer	Approved	10/23/1997
UT	Broker Dealer	Approved	12/15/1998
VA	Broker Dealer	Approved	02/10/1999
VT	Broker Dealer	Approved	03/01/1999
WA	Broker Dealer	Approved	12/15/1998
WI	Broker Dealer	Approved	02/11/1999
WV	Broker Dealer	Approved	02/08/1999
WY	Broker Dealer	Approved	11/26/1999

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This information is current as of: 10/21/2004

NASD Member Firm: SALOMON GREY FINANCIAL CORPORATION
CRD Number: 43413

REGULATORY ACTIONS

DISCLOSURE INFORMATION

This section lists regulatory actions that were reported to CRD and are disclosable through NASD BrokerCheck. Disclosable regulatory actions include formal proceedings initiated by a regulatory authority (i.e., a state securities agency, NASD, New York Stock Exchange, foreign regulatory body, etc.) for a violation of investment-related rules or regulations. In addition, revocations or suspensions of an individual broker's authority to act as an attorney, accountant or federal contractor will appear here.

Some of the fields in this section of the report may be blank if the information was not provided to CRD.

** OCCURRENCE COUNTS ** 1 Record(s)

** FIELD DEFINITIONS **

- * Reporting Source: The form through which details of the regulatory action was reported to CRD.
- * Date Reported: The date the regulatory action was reported to CRD.
- * Initiated By: The name of the securities regulator that initiated the regulatory action (e.g., regulator, foreign financial regulatory authority, self-regulatory organization, federal agency such as SEC, state, etc.).
- * Date Initiated: Date the regulatory action was initiated.
- * Docket/Case Number: Docket or case number of the regulatory action.
- * Employing Brokerage Firm: Brokerage Firm where individual broker was employed when activity occurred that led to the regulatory action.
- * Allegations: Allegations made against the individual broker leading to the regulatory action.
- * Current Status: The current status of the regulatory action (i.e., pending, on appeal or final).

- * Resolution: The resolution of the regulatory action (e.g., acceptance, waiver and consent; decision; decision and order of offer of settlement; order; settled; etc.).
- * Resolution Date: The date the regulatory action was resolved.
- * Sanction Details: Additional details regarding any sanctions ordered.
- * Summary: A summary of the details related to the regulatory action.

***** REGULATORY ACTION (1 of 1) *****

Reporting Source: Regulator (Form U-6)

Date Reported: 08/24/2004

Initiated By: NASD

Date initiated: 09/02/2003

Docket/

Case Number: CAF030043

Allegations: SEC REGULATION M, NASD RULES 2110, 2710 - RESPONDENT MEMBER, ACTING AT THE DIRECTION OF AN INDIVIDUAL, PURCHASED SHARES OF STOCK BELOW THE CURRENT MARKET PRICE AND USED SPECIAL SELLING EFFORTS AND METHODS TO SELL SHARES OF STOCK TO RETAIL CUSTOMERS AT MARKET PRICES; BID FOR, PURCHASED, OR INDUCED OTHERS TO PURCHASE THE STOCK WHILE ENGAGED IN A DISTRIBUTION OF THE SECURITIES; FAILED TO COMPLY WITH REQUIREMENTS OF NASD RULE 2710 TO FILE INFORMATION AND DOCUMENTS WHILE PARTICIPATING IN A PUBLIC OFFERING; AND RECEIVED UNDISCLOSED UNDERWRITING COMPENSATION FROM THE PUBLIC OFFERING OF STOCK THAT WAS UNFAIR AND UNREASONABLE.

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NASD Member Firm: SALOMON GREY FINANCIAL CORPORATION
CRD Number: 43413

REGULATORY ACTIONS(cont.)

Current Status: Final

Resolution: Decision & Order of Offer of Settlement

Resolution Date: 08/04/2004

Sanctions

Ordered: Monetary/Fine, Censure

Monetary Amount: \$100,000.00

Resolution

Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER
CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF
FINDINGS, THEREFORE, THE FIRM IS CENSURED AND FINED
\$100,000.00 JOINTLY AND SEVERALLY.

Summary:

Reporting Source: Brokerage Firm (Form BD)

Date Reported: 08/19/2004

Initiated By: NASD

Date initiated: 12/31/2002

Docket/

Case Number: CAF030043

Allegations: KYLE ROWE AND SALOMON GREY ARE THE SUBJECTS OF AN NASD
INVESTIGATION FOR POSSIBLE RECOMMENDATION OF DISCIPLINARY
ACTION FOR AN ALLEGED POTENTIAL VIOLATION OF REGULATION M WITH
REGARD TO THE PURCHASE AND SELL OF A SECURITY. ALL PURCHASES
OF THE SUBJECT SECURITY WERE FROM ANOTHER MARKET MAKER. KYLE
ROWE AND SALOMON GREY INTEND TO VIGOROUSLY CONTEST THIS
ALLEGATION.

Current Status: Final

Resolution: Settled

Resolution Date: 08/04/2004

Sanctions

Ordered: Monetary/Fine, Suspension

Monetary Amount: \$100,000.00

Resolution

Details: KYLE B. ROWE TO BE SUSPENDED FROM ANY ASSOCIATION WITH ANY NASD
MEMBER FOR TWO WEEKS IN ALL CAPACITIES FROM SEPTEMBER 7, 2004
TO SEPTEMBER 20, 2004.

Summary: SALOMON GREY FINANCIAL CORPORATION AND KYLE B. ROWE HAVE
CONSENTED, WITHOUT ADMITTING OR DENYING THE ALLEGATIONS OF THE
COMPLAINT, AND SOLELY FOR THE PURPOSE OF THIS PROCEEDING TO BE
FINED \$100,000.00, JOINTLY AND SEVERALLY, AND FOR KYLE B. ROWE
TO BE SUSPENDED FROM ANY ASSOCIATION WITH ANY NASD MEMBER FOR
TWO WEEKS IN ALL CAPACITIES.

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This information is current as of: 10/21/2004

NASD Member Firm: SALOMON GREY FINANCIAL CORPORATION
CRD Number: 43413

CIVIL JUDICIAL ACTIONS

DISCLOSURE INFORMATION

This section contains information regarding civil judicial actions that were reported to CRD. These actions are disclosable through NASD BrokerCheck and include injunctions issued by a foreign or domestic court in connection with investment-related activity, a finding by a domestic or foreign court of a violation of any investment-related statute(s) or regulation(s), and actions dismissed by a domestic or foreign court pursuant to a settlement agreement.

Some of the fields in this section of the report may be blank if the information was not provided to CRD.

** OCCURRENCE COUNTS ** 1 Record(s)

** FIELD DEFINITIONS **

- * Reporting Source: The form through which details of the civil judicial action was reported to CRD.
- * Date Reported: The date the civil judicial action was reported to CRD.
- * Initiated By: The party that initiated the civil judicial action (e.g., regulator, foreign financial regulatory authority, self-regulatory organization, commodities exchange, etc.).
- * Date Initiated: Date the civil judicial action was initiated or filed.
- * Court Details: Details regarding the court the action was brought in (e.g., name and location of court, docket/case number, etc.).

- * Employing Brokerage Firm: Brokerage Firm where individual broker was employed when activity occurred that led to the civil judicial action.
- * Allegations: Allegations made against the individual broker leading to the civil judicial action.
- * Current Status: The current status of the civil judicial action (i.e., pending, on appeal or final).
- * Resolution: The resolution of the civil judicial action (e.g., consent, dismissed, judgment rendered, settled, withdrawn, etc.).
- * Resolution Date: The date the civil judicial action was resolved.
- * Sanction Details: Additional details regarding any sanctions ordered.
- * Summary: Details of the circumstances related to the civil judicial action.

***** CIVIL JUDICIAL ACTION (1 of 1) *****

Reporting Source: Regulator (Form U-6)

Date Reported: 10/05/2002

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 09/30/2002

Court Details: U.S. DISTRICT COURT FOR THE DISTRICT OF UTAH, CIVIL ACTION NO. 2:02CV-1086 TC (D. UTAH 2002).

Allegations: SEC LITIGATION RELEASE NO. 17756, DATED SEPTEMBER 30, 2002 - ON SEPTEMBER 30, 2002, THE U.S. SECURITIES AND EXCHANGE COMMISSION FILED A CIVIL INJUNCTIVE ACTION IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH CHARGING 13 INDIVIDUALS AND SALOMON GREY WITH SECURITIES FRAUD IN A SCHEME TO MANIPULATE STOCK FROM JULY 2000 THROUGH NOVEMBER 2000. AT THE TIME OF THE MANIPULATION, THE ISSUER WAS A START-UP COMPANY THAT PURPORTED TO MANUFACTURE WETSUITS AND OTHER SURF-RELATED APPAREL. THE STOCK WAS TRADED ON THE NASD'S OVER-THE-COUNTER BULLETIN BOARD ("OTC-BB"). THE COMPLAINT ALSO ALLEGES THAT SALOMON GREY, HAD A PRE-EXISTING ARRANGEMENT TO OBTAIN FREE AND DEEPLY

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NASD Member Firm: SALOMON GREY FINANCIAL CORPORATION
CRD Number: 43413

CIVIL JUDICIAL ACTIONS(cont.)

DISCOUNTED BLOCKS OF THE STOCK FOR RETAIL SALES TO THE PUBLIC AT MANIPULATED PRICES. SALOMON GREY SOLD OVER 27,000 SHARES OF THE STOCK TO RETAIL CUSTOMER ACCOUNTS, INCLUDING OVER 17,000

SHARES AT EXCESSIVE MARKUPS OF OVER 100 PERCENT. THE COMPLAINT FURTHER ALLEGES THAT THE DEFENDANTS SHUT DOWN THE MANIPULATION AFTER THE COMMISSION STAFF BEGAN INVESTIGATING IN EARLY NOVEMBER 2000. THEREAFTER, THE PRICE OF THE STOCK DROPPED TO A LOW OF APPROXIMATELY \$.19 PER SHARE BY THE END OF DECEMBER 2000. IN THE SPRING OF 2001, THE DEFENDANTS SOLD OVER 1.1 MILLION SHARES OF THE STOCK IN UNREGISTERED TRANSACTIONS FROM AN ESCROW BROKERAGE ACCOUNT.

Current Status: Pending

Summary:

Reporting Source: Brokerage Firm (Form BD)

Date Reported: 06/12/2003

Initiated By: SECURITIES EXCHANGE COMMISSION

Date Initiated: 09/30/2002

Court Details: U.S. DISTRICT COURT FOR UTAH, CASE NUMBER 2:02CV - 1086 TC (D. UTAH 2002)

Allegations: THE SEC HAS ALLEGED THAT SALOMON GREY SOLD UNREGISTERED SECURITIES, PARTICIPATED IN THE MANIPULATIVE ACTIVITIES OF OTHERS AND SOLD STOCK AT EXCESSIVE MARKUPS TO CUSTOMERS OF SALOMON GREY FINANCIAL CORPORATION.

Current Status: Pending

Summary: THE FIRM AND THE INDIVIDUAL DEFENDANTS WILL DENY THE SEC'S ALLEGATIONS WHEN THEIR ANSWERS ARE FILED. ALL INTEND TO VIGOROUSLY DEFEND THEMSELVES IN THIS FRIVOLOUS LAWSUIT. THE FIRM WILL PROVE THAT IT BOUGHT A SIZEABLE BLOCK OF AN ILLIQUID SECURITY FROM ANOTHER MARKET MAKER AT A DISCOUNT FROM THE MARKET. THE FIRM WAS AT RISK AT ALL TIMES AFTER THIS PURCHASE. THE FIRM RETAILED SOME OF THE BLOCK PURCHASE TO ITS CUSTOMERS AND WHOLESALED THE REST TO OTHER FIRMS AND LOST MONEY IN ITS WHOLESALE ACTIVITIES. COUNSEL FOR THE COMPANY BELIEVES THE FIRM ACTED IN A LAWFUL MANNER, CONSISTENT WITH REGULATORY REQUIREMENTS AND CUSTOM AND PRACTICE IN THE SECURITIES INDUSTRY. COUNSEL IS OF THE BELIEF THAT SALOMON GREY AND THE INDIVIDUAL DEFENDANTS WILL PREVAIL IN THIS ACTION. THE ANSWERS ARE DUE TO BE FILED ON NOVEMBER 15, 2002 AFTER WHICH DISCOVERY WILL COMMENCE. IT IS ESTIMATED BY COUNSEL THAT THIS MATTER WILL NOT GO TO TRIAL FOR TWO YEARS OR MORE.

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This information is current as of: 10/21/2004

NASD Member Firm: SALOMON GREY FINANCIAL CORPORATION
CRD Number: 43413

BROKERAGE FIRM ARBITRATIONS

DISCLOSURE INFORMATION

This section contains summary information regarding arbitration awards rendered in a forum administered by NASD that involve securities or commodities disputes between NASD member firms and public customers.

Some of the fields in this section of the report may be blank if the information was not provided to CRD.

Unlike the arbitration information required to be reported by individual brokers via Form U-4, brokerage firm arbitration information is not required to be reported on Form BD and is therefore disclosed through NASD BrokerCheck via a slightly different mechanism. Summary information regarding NASD arbitration awards involving securities and commodity disputes between public customers and NASD member firms is updated and disclosed on brokerage firm NASD BrokerCheck reports generally within 10-15 days after the arbitration award is signed and served to all parties.

The full text of arbitration awards issued by arbitrators at NASD and at other forums is available online as a cooperative arrangement between NASD Dispute Resolution and the Securities Arbitration Commentator (SAC) at www.nasdradr.com. The awards are generally available within one month after the arbitration award is signed and served to all parties. To access the arbitration award information it is suggested that you first view the summary information available via NASD BrokerCheck, and then use the case number included in NASD BrokerCheck report to access the full text of the award at www.nasdradr.com.

** OCCURRENCE COUNTS ** 5 Record(s)

** FIELD DEFINITIONS **

- * Type of Event: Type of disclosure event (e.g., arbitration) that details pertain to.
- * Update: An indication (i.e., yes or no) as to whether the information is an update to earlier information reported about the arbitration proceeding.
- * Arbitration Forum: Forum that administered the arbitration proceeding.
- * Case Served Date: Date case was served on respondent(s).
- * Case Number: Case number assigned to the arbitration proceeding.
- * Allegations: Allegations made by the customer(s) which lead to the arbitration proceeding.
- * Type of Securities: Type of securities allegations relate to.
- * Relief Asked: Alleged dollar amount of compensatory damages sought by the customer(s).
- * Disposition: Disposition of the arbitration proceeding.
- * Disposition Date: Date of disposition.
- * Relief Awarded: Details related to the relief awarded to the parties involved in the arbitration proceeding.

**** BROKERAGE FIRM ARBITRATION (1 of 5) ****

Type of Event: ARBITRATION

Update: YES

Arbitration Forum: NASD

Case Served Date: 12/11/2002

Case Number: 02-06557

Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; FRAUDULENT ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT ACTIVITY-MISREPRESENTATION

Type of Securities: COMMON STOCK;MUTUAL FUNDS;OPTIONS

Relief Asked: ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$661,948.00 SEVERALLY ; INTEREST, ASKED AMOUNT \$0.00 SEVERALLY ; PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$0.00 SEVERALLY ; ATTORNEY'S FEES, ASKED AMOUNT \$0.00 SEVERALLY ; OTHER COSTS, ASKED AMOUNT \$0.00 SEVERALLY

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BROKERAGE FIRM ARBITRATIONS(cont.)

; OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00 SEVERALLY
; ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00
SEVERALLY ; ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT
\$0.00 SEVERALLY ; ACTUAL/COMPENSATORY DAMAGES, ASKED
AMOUNT \$0.00 SEVERALLY ; ACTUAL/COMPENSATORY DAMAGES,
ASKED AMOUNT \$0.00 SEVERALLY ; ACTUAL/COMPENSATORY
DAMAGES, ASKED AMOUNT \$0.00 SEVERALLY

Disposition: AWARD AGAINST PARTY

Disposition Date: 08/25/2004

Relief Awarded: ACTUAL/COMPENSATORY DAMAGES, RELIEF HAS BEEN AWARDED
(PARTIAL OR FULL, AWARD AMOUNT \$100,000.00; INTEREST,
RELIEF REQUEST HAS BEEN DENIED IN FULL;
PUNITIVE/EXEMPLARY DAMAGES, RELIEF REQUEST HAS BEEN
DENIED IN FULL; ATTORNEY'S FEES, RELIEF HAS BEEN
AWARDED (PARTIAL OR FULL, AWARD AMOUNT \$50,000.00;
OTHER COSTS, RELIEF REQUEST HAS BEEN DENIED IN FULL;
OTHER MONETARY RELIEF, RELIEF REQUEST HAS BEEN DENIED
IN FULL; ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST
HAS BEEN DENIED IN FULL; ACTUAL/COMPENSATORY DAMAGES,
RELIEF HAS BEEN AWARDED (PARTIAL OR FULL, AWARD AMOUNT
\$50,000.00; ACTUAL/COMPENSATORY DAMAGES, RELIEF
REQUEST HAS BEEN DENIED IN FULL; ACTUAL/COMPENSATORY
DAMAGES, RELIEF REQUEST HAS BEEN DENIED IN FULL;
ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST HAS BEEN
DENIED IN FULL

**** BROKERAGE FIRM ARBITRATION (2 of 5) ****

Type of Event: ARBITRATION

Update: YES

Arbitration Forum: NASD

Case Served Date: 09/30/2002

Case Number: 02-04048

Allegations: ACCOUNT RELATED - FAILURE TO SUPERVISE; FRAUDULENT
ACTIVITY-BRCH OF FIDUCIARY DT; FRAUDULENT
ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE

Type of Securities: COMMON STOCK;OPTIONS

Relief Asked: ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$0.00 JOINTLY
AND SEVERALLY; PUNITIVE/EXEMPLARY DAMAGES, ASKED
AMOUNT \$0.00 JOINTLY AND SEVERALLY; INTEREST, ASKED
AMOUNT \$0.00 JOINTLY AND SEVERALLY; ATTORNEY'S FEES,
ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; OTHER COSTS,
ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; OTHER
MONETARY RELIEF, ASKED AMOUNT \$0.00 JOINTLY AND

SEVERALLY

Disposition: NO AWARD AGAINST PARTY

Disposition Date: 11/05/2003

Relief Awarded: ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST HAS BEEN DENIED IN FULL; PUNITIVE/EXEMPLARY DAMAGES, RELIEF REQUEST HAS BEEN DENIED IN FULL; INTEREST, RELIEF REQUEST HAS BEEN DENIED IN FULL; ATTORNEY'S FEES, RELIEF REQUEST HAS BEEN DENIED IN FULL; OTHER COSTS, RELIEF REQUEST HAS BEEN DENIED IN FULL; OTHER MONETARY RELIEF, RELIEF REQUEST HAS BEEN DENIED IN FULL

**** BROKERAGE FIRM ARBITRATION (3 of 5) ****

Type of Event: ARBITRATION

Update: YES

Arbitration Forum: NASD

Case Served Date: 09/26/2001

Case Number: 01-04906

Allegations: FRAUDULENT ACTIVITY-UNAUTHORIZED TRADING

Type of Securities: COMMON STOCK

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NASD Member Firm: SALOMON GREY FINANCIAL CORPORATION
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BROKERAGE FIRM ARBITRATIONS(cont.)

Relief Asked: ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$772,938.00 JOINTLY AND SEVERALLY; PUNITIVE/EXEMPLARY DAMAGES, ASKED AMOUNT \$500,000.00 JOINTLY AND SEVERALLY; INTEREST, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY; ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/14/2002

Relief Awarded: ACTUAL/COMPENSATORY DAMAGES, RELIEF HAS BEEN AWARDED (PARTIAL OR FULL, AWARD AMOUNT \$235,076.88; PUNITIVE/EXEMPLARY DAMAGES, RELIEF REQUEST HAS BEEN DENIED IN FULL; INTEREST, RELIEF REQUEST HAS BEEN DENIED IN FULL; OTHER COSTS, RELIEF REQUEST HAS BEEN DENIED IN FULL; ATTORNEY'S FEES, RELIEF REQUEST HAS BEEN DENIED IN FULL 7C. RELIEF ASKED: ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$41,957.65

JOINTLY AND SEVERALLY; INTEREST, ASKED AMOUNT \$0.00
JOINTLY AND SEVERALLY; OTHER COSTS, ASKED AMOUNT \$0.00
JOINTLY AND SEVERALLY; ATTORNEY'S FEES, ASKED AMOUNT
\$0.00 JOINTLY AND SEVERALLY; OTHER MONETARY RELIEF,
ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY 8A. CURRENT
STATUS: AWARD AGAINST PARTY 8B. STATUS DATE:
10/14/2002 8C. RELIEF AWARDED: ACTUAL/COMPENSATORY
DAMAGES, RELIEF REQUEST HAS BEEN DENIED IN FULL;
INTEREST, RELIEF REQUEST HAS BEEN DENIED IN FULL;
OTHER COSTS, RELIEF REQUEST HAS BEEN DENIED IN FULL;
ATTORNEY'S FEES, RELIEF REQUEST HAS BEEN DENIED IN
FULL; OTHER MONETARY RELIEF, RELIEF REQUEST HAS BEEN
DENIED IN FULL

**** BROKERAGE FIRM ARBITRATION (4 of 5) ****

Type of Event: ARBITRATION

Update: YES

Arbitration Forum: NASD

Case Served Date: 12/19/2000

Case Number: 00-04668

Allegations: FRAUDULENT ACTIVITY - OMISSION OF FACTS; FRAUDULENT
ACTIVITY-MISREPRESENTATION; FRAUDULENT
ACTIVITY-UNAUTHORIZED TRADING

Type of Securities: COMMON STOCK

Relief Asked: ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$1,500.00
JOINTLY AND SEVERALLY; PUNITIVE/EXEMPLARY DAMAGES,
ASKED AMOUNT \$1,000.00 JOINTLY AND SEVERALLY

Disposition: AWARD AGAINST PARTY

Disposition Date: 10/17/2001

Relief Awarded: ACTUAL/COMPENSATORY DAMAGES, RELIEF REQUEST HAS BEEN
DENIED IN FULL; PUNITIVE/EXEMPLARY DAMAGES, RELIEF
REQUEST HAS BEEN DENIED IN FULL 7C. RELIEF ASKED:
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY
8A. CURRENT STATUS: AWARD AGAINST PARTY 8B. STATUS
DATE: 10/17/2001 8C. RELIEF AWARDED: OTHER COSTS,
RELIEF HAS BEEN AWARDED (PARTIAL OR FULL, AWARD AMOUNT
\$37.50

**** BROKERAGE FIRM ARBITRATION (5 of 5) ****

Type of Event: ARBITRATION

Update: YES

Arbitration Forum: NASD

Case Served Date: 02/16/2000

Case Number: 00-00535

Allegations: ACCOUNT RELATED-BREACH OF CONTRACT; FRAUDULENT
ACTIVITY-OTHER

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This information is current as of: 10/21/2004

NASD Member Firm: SALOMON GREY FINANCIAL CORPORATION
CRD Number: 43413

BROKERAGE FIRM ARBITRATIONS(cont.)

Type of Securities: COMMON STOCK

Relief Asked: ACTUAL/COMPENSATORY DAMAGES, ASKED AMOUNT \$200,000.00
SEVERALLY ; INTEREST, ASKED AMOUNT \$0.00 SEVERALLY ;
OTHER COSTS, ASKED AMOUNT \$0.00 JOINTLY AND SEVERALLY;
ATTORNEY'S FEES, ASKED AMOUNT \$0.00 JOINTLY AND
SEVERALLY; OTHER MONETARY RELIEF, ASKED AMOUNT \$0.00
JOINTLY AND SEVERALLY

Disposition: AWARD AGAINST PARTY

Disposition Date: 03/29/2001

Relief Awarded: ACTUAL/COMPENSATORY DAMAGES, RELIEF HAS BEEN AWARDED
(PARTIAL OR FULL, AWARD AMOUNT \$217,375.00; INTEREST,
RELIEF HAS BEEN AWARDED (PARTIAL OR FULL; OTHER COSTS,
RELIEF REQUEST HAS BEEN DENIED IN FULL; ATTORNEY'S
FEES, RELIEF REQUEST HAS BEEN DENIED IN FULL; OTHER
MONETARY RELIEF, RELIEF REQUEST HAS BEEN DENIED IN FULL

***** END OF REPORT *****